

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 ACDA-05 AGR-05 AID-05 CEA-01 CEQ-01

CG-00 CIAE-00 CIEP-01 OFA-01 COME-00 DLOS-04 DODE-00

DOT-00 EB-07 EPA-01 ERDA-05 FEAE-00 FMC-01 TRSE-00

H-02 INR-07 INT-05 IO-10 JUSE-00 L-03 NSAE-00 NSC-05

NSF-01 OES-03 OMB-01 PA-01 PM-04 PRS-01 SP-02 SS-15

USIA-06 /116 W

----- 077484

R 101711Z NOV 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 4270

INFO AMEMBASSY LONDON

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY REYKJAVIK

AMEMBASSY OSLO

USMISSION EC BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 02 BONN 18389

E.O. 11652: GDS

TAGS: EFIS, IC, GW

SUBJECT: FRG/ICELAND FISHERIES NEGOTIATIONS

REF: BONN 18110

1. SUMMARY: FORNMIN SOURCE TOLD EMBOFF NOVEMBER 7 THAT ICELAND HAS NOW MADE A COUNTER-OFFER TO THE FRG PROPOSALS OF OCTOBER 28 (REFTEL). ACCORDING TO OUR SOURCE, THIS OFFER IS ACCEPTABLE TO THE FEDERAL REPUBLIC ON ALL COUNTS EXCEPT THE LOCATION OF FISHING ZONES. EXPERTS WILL CONTINUE TO DISCUSS THE LATTER POINT IN HOPES OF COMING TO A QUICK COMPROMISE. THE MAIN PROBLEM FOR THE GERMANS NOW BECOMES THE BRITISH;  
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THE AFFECTED EC MEMBER STATES AGREED INFORMALLY LAST

MONTH THAT NO STATE WOULD SIGN AN AGREEMENT WITH ICELAND THAT CONTAINED TERMS UNACCEPTABLE TO THE OTHER STATES OR TERMS WHICH HAD NOT BEEN OFFERED TO THOSE OTHER STATES. UNLESS BRITISH TALKS WITH ICELAND ON NOV 6-7 MADE FURTHER PROGRESS THAN THE FIRST ROUND IN OCTOBER, THE GERMANS MAY BE EXPECTED BY THE BRITISH TO DELAY ACCEPTANCE OF ICELANDIC COUNTER-OFFER. END SUMMARY.

2. ICELANDIC DESK OFFICER IN FORNMIN BRIEFED EMBOFF AFTER ICELANDIC COUNTER-OFFER WAS COMMUNICATED THROUGH AMBASSADORS ON NOV 5. ICELANDIC PROPOSAL GREW OUT OF AQUESTSSON'S CONSULTATIONS WITH PARLIAMENT, CABINET, AND SPECIAL FISHERIES COMMITTEE LAST WEEK AND/ APPARENTLY REPRESENTS TEERMS THAT GOI THINKS IT CAN SELL TO ICELANDIC PUBLIC. MAJOR OUTSTANDING ISSUES FOLLOWING OCT 28-29 SESSIONS WERE RESOLVED AS FOLLOWS:

A) TOTAL CATCH: 60,000 MT;

B) COD CATCH: PROVISIONS IN THE AGREEMENT COVERING TOTAL CATCH WILL INCLUDE ALLOWANCE FOR COD BYCATCHES. THE AMOUNT HAS NOT YET BEEN DETERMINED, BUT THE FRG FEELS THAT ITS INTERESTS WILL BE SUFFICIENTLY PROTECTED THROUGH THE BYCATCH PROVISION;

C) LENGTH OF AGREEMENT: TWO YEARS. WHILE THE FRG WOULD HAVE PREFERRED A LONGER AGREEMENT (AND WOULD HAVE ACCEPTED A SMALLER TOTAL CATCH AS QUID PRO QUO), IT HAS DECIDED THAT LITTLE WOULD BE GAINED FROM REOPENING THE MATTER.

3. FISHING ZONES: THE FISHING ZONES PROPOSED BY THE GOI ARE STILL BEING EXAMINED BY THE FRG AND DISCUSSED WITH THE GOI AT THE TECHNICAL LEVEL. FRG EXPERTS CLAIM THAT PROPOSED ZONES ARE NOT PARTICULARLY PRODUCTIVE, WITH THE RESULT THAT EXPENSE AND LENGTH OF TIME REQUIRED TO CATCH ALLOWABLE QUOTA WILL BE UNDULY HIGH. OUR SOURCE, IN NOTING THAT "THE EXPERTS ALWAYS SAY THIS", EMPHASIZED THAT THE FRG WAS STILL CONFIDENTIAL

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EXAMINING THE ZONES AND HAD NOT REJECTED THE GOI OFFER. THE FRG HOPES THAT WHEN THE EXPERTS FROM BOTH SIDES COMPARE TECHNICAL AND BIOLOGICAL DATA, A BASIS FOR COMPROMISE WILL EMERGE. OUR SOURCE DOES NOT BELIEVE THAT EITHER SIDE WILL LET THIS MATTER STAND IN THE WAY OF AN AGREEMENT.

4. ROLE OF THE OTHER EC FISHING STATES: HAVING FOUND

TERMS THAT IT CAN GENERALLY ACCEPT, THE FRG MUST NOW  
CONCERN ITSELF WITH THE STATUS OF THE ICELANDIC-BRITISH  
NEGOTIATIONS. ACCORDING TO OUR SOURCE, THE BRITISH,  
BELGIANS, AND GERMANS AGREED VERBALLY IN BRUSSELS LAST  
MONTH THAT NO COUNTRY SHOULD ACCEPT AN AGREEMENT WITH  
ICELAND CONTAINING TERMS MORE FAVORABLE THAN THOSE  
OFFERED TO THE OTHERS OR TERMS WHICH WERE NOT  
ACCEPTABLE TO ONE OF THE OTHERS. THE GERMAN SIDE  
INSISTED ON THIS OUT OF FEAR THAT THE BRITISH  
MIGHT COME TO AN AGREEMENT WITH ICELAND, LEAVING THE  
FRG IN THE LURCH, AS WAS THE CASE IN 1973. WITH THE  
SITUATION NOW REVERSED, THE GERMANS FIND THEMSELVES IN  
A VERY DIFFICULT SITUATION: AFTER MORE THAN TWO YEARS

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C O N F I D E N T I A L SECTION 02 OF 02 BONN 18389

OF FRUITLESS AND FRUSTRATING NEGOTIATIONS WITH THE GOI, AN AGREEMENT IS NOW AT HAND, BUT THE FRG FEELS BOUND BY ITS COMMITMENT TO THE BRITISH. THE BELGIANS ARE NOT PLAYING A MAJOR ROLE IN THE NEGOTIATIONS AND WILL ACCEPT THE TERMS, ADJUSTED TO CORRESPOND TO THEIR FISHING EFFORT, THAT ARE AGREEABLE TO LONDON AND BONN.

5. THE FRG HOPES THAT THE UK-ICELAND NEGOTIATIONS ON NOV 6-7 PRODUCED ACCEPTABLE TERMS FOR THE BRITISH. IF THEY DID NOT, THE GERMANS WILL, IN SPITE OF THEIR VERBAL AGREEMENT TO HOLD OUT FOR THE SAME TERMS IN THE FISHING NEGOTIATIONS, ASK THE BRITISH FOR APPROVAL TO SIGN AN AGREEMENT BASED ON THE LATEST GOI OFFER. THERE APPEARS TO BE CONSIDERABLE PRESSURE IN THE CONFIDENTIAL

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GERMAN GOVERNMENT FOR SIGNING THIS AGREEMENT BEFORE THE OPPORTUNITY IS LOST, AND THE GERMANS MAY BE UNWILLING TO FOREGO THIS OPPORTUNITY EVEN IF THE BRITISH OPPOSE SUCH UNILATERAL ACTION. IF THE BRITISH ARE NOT ABLE TO NEGOTIATE A SUITABLE AGREEMENT, IT IS PROBABLE THAT THE UK WILL VETO THE GRANTING OF EC TARIFF CONCESSIONS TO ICELAND. THE GOI HAS FORESEEN THIS POSSIBILITY HOWEVER, AND WILL ALLOW ANY FRG-ICELAND FISHERIES AGREEMENT TO REMAIN IN FORCE FOR A "REASONABLE PERIOD OF TIME" (THREE TO SIX MONTHS). IF THE VETO HAS NOT BEEN LIFTED BY THAT TIME, THE AGREEMENT WOULD BE ABROGATED.

6. NEXT STEPS: IN ADDITION TO TECHNICAL-LEVEL DISCUSSIONS WITH THE GOI ON LOCATION OF FISHING ZONES, FRG WILL BE CONTACTING THE UK ON NOV 10 REGARDING BRITISH TALKS WITH ICELAND LAST WEEK AND REGARDING GERMAN DESIRE TO ACCEPT LATEST GOI OFFER. IF THE GERMANS ARE SUCCESSFUL IN BOTH ENDEAVORS THEY WILL PROPOSE A VISIT TO BONN BY AGUSTSSON LATER THIS MONTH TO SIGN THE AGREEMENT.

7. FORMIN SOURCE, ON A CONFIDENTIAL BASIS, PASSED US THE REPORT OF THE FRG AMBASSADOR IN REYKJAVIK OF WHICH ABOVE IS A SUMMARY. TEXT OF REPORT-WHICH CONTAINS THE DETAILS OF THE GOI OFFER-BEING SENT BY AIRGRAM. HILLENBRAND

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## Message Attributes

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